

STATE OF COLORADO FISCAL RULES

CHAPTER 1: ACCOUNTING

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Rule 1-1

ACCOUNTING PRINCIPLES AND STANDARDS

AUTHORITY:

24-17-102(1), C.R.S.(Internal Controls)
24-17-103, C.R.S. (Annual Internal Control Report)

RULE:

The accounting principles of the State shall be based on Generally Accepted Accounting Principles as adopted by the Governmental Accounting Standards Board. In addition, all applicable statutory provisions shall be met.

When a conflict between statutory provisions and generally accepted accounting principles exists, generally accepted accounting principles take precedence in financial reporting.

When it is necessary to report compliance of financial transactions with statutory requirements, supplemental schedules may be used. Preparation of separate statutory based reports may also be necessary.

The chief executive officer and chief fiscal officer of each State Agency shall annually certify to the State Controller as to the adequacy of its systems of internal accounting and administrative controls. The certification form, content and due date shall be determined by the State Controller.

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Rule 1-2

USE OF THE STATE FINANCIAL SYSTEM

RULE:

All State Agencies are required to use the State Financial System to record their financial transactions and financial information, develop their financial reports and prepare their financial statements.

The State Financial System is composed of various modules. The following modules are required to be used by all State Agencies: General Ledger, Budgetary Accounting, Cash Management, Revenue, Expenditures and Accounts Payable, Management Control and Reporting, and Security.

Other modules are available on the State Financial System for use by State Agencies. These modules are approved for use by the State Controller and all State Agencies are encouraged to use these modules.

EXCEPTIONS TO RULE:

An exemption is granted by the State Controller to the governing boards and institutions of higher education to transmit summary financial information to the State Financial System. This exemption is granted only to those governing boards and institutions of higher education that have an internal accounting system and an electronic interface that have been approved by the State Controller. The electronic interface shall provide timely updates to the State Financial System as directed by the State Controller.

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Rule 1-3

ACCESS TO THE STATE FINANCIAL SYSTEM

AUTHORITY:

2-3-107, C.R.S. (State Auditor)
2-3-203(1), C.R.S. (Joint Budget Committee)

RULE:

The State Controller is the official custodian of the financial portion of the data base included within the State Financial System. The official custodian prescribes the rules and regulations with reference to query, use, or inspection of the financial records.

The State Controller, as official custodian of the financial portion of the State Financial System data base, shall approve access and resolve all disputes regarding access to financial information contained in the data base.

Each State Agency is delegated custodial authority for their portion of the financial data base on the State Financial System.

Electronic Read Only (Query) Access to the State Financial System Data Base

State Financial System records contain both public and confidential information, therefore access to financial data contained on the State Financial System shall not be granted to anyone for general perusal of a State Agency's financial records.

Specific request for query access to the financial data base of the State Financial System shall state what information is requested and when the information is desired. The State Agency custodian shall have the discretion of requiring that the request for financial information be in writing.

.01 Query Access by a Citizen or Private Entity

Information requested by a citizen or entity other than a State Agency shall be furnished in a timely manner, as provided by statute. The information shall be provided in the

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form of a copy or printout, or a computer tape or disc. Actual costs, not to exceed the statutory maximum, may be charged by the State Agency for providing the information requested.

.02 Query Access to a State Agency's Own Financial Data Base

Each State Agency shall be given query access to their portion of the financial data base on the State Financial System. Each State Agency shall be given query access to the centrally controlled tables maintained on the State Financial System.

.03 Query Access to Another State Agency's Financial Data Base

When a State Agency desires information from another State Agency, the State Agency making the request shall obtain approval from the chief executive officer of the State Agency possessing the information. Once approval has been granted, the information shall be furnished in a timely manner, as provided by statute. No charge shall be made for the information provided. Disputes shall be referred to the State Controller.

.04 Query Access to Multiple State Agencies' Financial Data Bases

All requests for financial information concerning multiple State Agencies shall be referred to the State Controller. The State Controller shall have query access to all State Agency's financial data bases and shall respond to all request for information requiring multiple access.

The State Controller shall notify each State Agency of the request for information and furnish each State Agency a copy of the information provided, as necessary.

.05 Query Access by the State Auditor's Office

The State Auditor's Office shall have query access to the financial data bases of all State Agencies on the State Financial System.

.06 Query Access by the Office of State Planning and Budgeting

Unless otherwise provided by agreement, the Office of State Planning and Budgeting shall have query access to the financial data bases of all State Agencies on the State Financial System only for the purpose of carrying out its statutory responsibilities. Access is limited to the following modules: General Ledger; Budgetary Accounting; Management Control and Reporting; Cash Management; Grants, Project and Programs; Capital Assets; and Labor Data Collections.

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.07 Query Access by the Legislative Joint Budget Committee

Unless otherwise provided by agreement, the Legislative Joint Budget Committee shall have query access to the financial data bases of all State Agencies on the State Financial System only for the purpose of carrying out its statutory responsibilities. Access is limited to the following modules: General Ledger; Budgetary Accounting; Management Control and Reporting; Cash Management; Grants, Projects and Programs; Capital Assets; and Labor Data Collections.

.08 Query Access by the State Department of Treasury

Unless otherwise provided by agreement, the State Department of Treasury shall have query access to the Cash Management and the Revenue modules of the State Financial System for the purpose of carrying out its statutory responsibilities.

.09 Query Access by the Colorado Commission on Higher Education

The Colorado Commission on Higher Education shall have query access to all financial data contained on the State Financial System for all institutions, agencies, and boards within the Department of Higher Education.

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Rule 1-4

AUTOMATED INTERFACES WITH THE STATE FINANCIAL SYSTEM

RULE:

Electronic interfaces shall be allowed to feed data into the State Financial System. All electronic interfaces shall be approved by the State Controller prior to interfacing with the State Financial System.

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Rule 1-5

STATE FINANCIAL SYSTEM SECURITY

RULE:

The State Controller is responsible for the overall security of the State Financial System. The State Controller may delegate security responsibility to State Agencies for their portion of the financial data base on the State Financial System.

If it is determined that a State Agency is not complying with the responsibilities delegated to their State Financial System security administrator, the State Controller may withdraw the delegation and assume responsibility of the State Financial System security administration for that State Agency.

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Rule 1-6

STATE AGENCY ACCOUNTING SYSTEMS

DEFINITIONS:

Financial System - All data processing software systems applied to general ledgers and subsidiary ledgers, debt collection, accounts payable, accounts receivable, cost distribution, fixed assets, inventory, payroll, purchasing, and time collection.

RULE:

All financial systems that are used to record State financial information and transactions, or develop financial reports and prepare financial statements for the State shall be approved by the State Controller.

State Agencies shall strive to improve their efficiency in the collection, maintenance, and reporting of financial information throughout State government. To achieve this goal, State Agencies shall use the State Financial System, unless exempted by the State Controller. Redundancies between State Agency financial systems and the State Financial System should be eliminated in order to prevent duplication in the development of financial systems; to improve the compatibility of financial systems; to facilitate inter-system communications and to timely access information; and to improve the efficiency of the collection, maintenance, and reporting of financial information throughout State government.

To accomplish the desired objectives, the State Controller:

- .01 Shall approve the development or acquisition of new or replacement financial systems based upon:
 - a. The compatibility of the proposed financial system with the State Financial System or with other approved State Agency financial systems.
 - b. The uniformity of accounting procedures, account structures, object, revenue, and other classifying code definitions.
 - c. The potential benefit and use by other State Agencies with similar needs.
- .02 May require a State Agency to exclusively use the State Financial System.

If the State Financial System cannot meet the needs of a State Agency, the chief fiscal officer of the State Agency shall notify the State Controller.

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Rule 1-7

DELEGATED SIGNATURE AUTHORITY OF THE STATE CONTROLLER

RULE:

State Agencies shall, upon request of the State Controller, identify and submit a listing of persons authorized to sign or approve specific documents for the State Controller. Such listing shall contain the name, and manual signature of those persons delegated signature authority and be approved by the chief executive officer of the State Agency. Any change to the approved listing must be submitted to the State Controller.

STATE OF COLORADO FISCAL RULES

Rule 1-8

PRE-AUDIT RESPONSIBILITY FOR ACCOUNTING DOCUMENTS AND FINANCIAL TRANSACTIONS

DEFINITIONS:

Pre-audit - A review for compliance with applicable statutes, fiscal rules, and other regulations, and an adherence to accepted business practices.

RULE:

All accounting documents and financial transactions shall be subjected to a pre-audit prior to the documents being recorded on the State Financial System, or an approved State Agency accounting system, and before payment is made. State Agencies shall implement internal accounting and administrative controls which reasonably ensure that financial transactions are accurate, reliable, and conform to State Fiscal Rules. The factors of risk, cost, and business requirements shall be considered when establishing these internal controls.

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Rule 1-9

REPORTING THEFT OR EMBEZZLEMENT

AUTHORITY:

18-8-407, C.R.S. (Embezzlement of Public Property)

RULE:

Any suspected theft or embezzlement of State funds or assets shall be immediately reported to the chief executive officer, or delegate, and the chief financial officer of the State Agency and appropriate action taken. A theft or embezzlement of State funds or assets totaling \$5,000 or more per incident shall be reported in writing to the State Controller.

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Rule 1-10

ACCOUNTABILITY AND CAPITALIZATION OF EQUIPMENT

DEFINITIONS:

Equipment - Tangible personal property that has a useful life of more than one year and an acquisition cost of more than \$5,000, which is not a permanent part of a building and does not lose its identity through incorporation into a more complex unit.

RULE:

Each State Agency is responsible for ensuring that all equipment acquired by the State is properly accounted for when acquired, inventoried and safeguarded throughout its useful life, and properly accounted for at the time of disposal.

Tangible personal property purchased by the State shall be either capitalized or expensed in the fiscal year in which it was acquired. Equipment purchased by the state shall be capitalized. For control purposes a State Agency may select a minimum acquisition cost or useful life which is less than the stated criteria for capitalization.